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***The New Philanthropy:***

***Private Power in International Development Policy?***

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in Jean Grugel and Dan Hammett (Eds.)

*The Handbook of International Development*, Palgrave MacMillan, 2016

***Abstract:***

This chapter examines the role and function of philanthropy in international development policy. Philanthropy has deep roots in international development and its present influence is far from novel. Yet changes in the political economy of development finance, including growing private aid flows and continuing strain on the bilateral and multilateral aid systems, have increased its relative importance. Simultaneously, newly emerging foundations have financed novel institutional mechanisms for aid delivery in global health and transnational policy networks focussed on democratisation. These mechanisms have substantively shaped international development policy in key development sectors with important implications for the aid architecture by bringing in additional resources, ideas and approaches, while concurrently raising concerns, around the legitimacy and accountability of private actors.

***1. Introduction***

Philanthropy has long been a source of finance for international development and private philanthropic foundations have been significant actors across several key development sectors. The Rockefeller Foundation, for instance, was critical in the early expansion of the international health architecture performing an important part in the establishment of the League of Nations Health Organisation (LNHO), and its successor, the World Health Organisation (Youde, 2013: 144-145). Together with the Ford Foundation it was also integral to the Green Revolution in agriculture and the establishment of the umbrella Consultative Group on International Agricultural Research (Herdt, 2012). The Grameen Bank was in part catalysed by Ford when it secured a loan for Muhammad Yunus for its formative micro-finance demonstration project (Ford Foundation 1991), while Ford and others such as the MacArthur Foundation also played an important role in the construction of global civil society by financing the growing non-governmental activity that occurred from the 1970s (Simmons, 2004). Philanthropy therefore has deep roots in international development and in many respects its present influence in building transnational policy partnerships are far from novel.

Yet changes in the political economy of development finance have altered the landscape of international development. At the macro level private aid flows have grown significantly since 2000 (Desai and Kharas, 2014). Continuing, as well as new, strains have been placed on the bilateral and multilateral aid systems, while the efficacy of traditional approaches to aid financing, particularly official transfers, have been questioned (Easterly, 2006). In this context private philanthropy's *relative* importance and influence has increased (Desai and Kharas, 2014). On the one hand, the so-called 'new development philanthropy' has performed a function of providing needed finance in

critical areas where official donor's provision has been inadequate or state or market failure has occurred. On the other, philanthropy has played an active role in shaping and structuring international development policy, with implications for the politics of aid.

New institutional mechanisms for aid delivery and product development in global health, notably public-private partnerships (PPPs), partly have their genesis in private foundations, in particular the activity of the Rockefeller and The Bill & Melinda Gates Foundations (BMGF) (Moran, 2014). Other transnational policy partnerships, focussed on the diffusion of expertise to developing and transition countries, have been established by the George Soros funded Open Society Foundations (OSF) network (Stone, 2013). These distinctive partnerships show that philanthropy, especially private foundations, can be seen as a (re)-emerging power in international development policy.

This chapter examines how foundations and private philanthropy influence development policy. We begin by placing international development philanthropy in context, outlining the scale of flows and traditional and emerging foundation-driven approaches to development interventions. We then briefly outline the activities of two distinctive foundations – the BMGF and OSF – which differ in legal form, sectoral focus and to some extent organisational culture to illustrate how foundations, as distinctive actors, can shape development policy. In the final section we outline the challenges of foundation interventions and the implications for development philanthropy.

### ***2. Philanthropy and international development: Continuity and Change***

Changes in the system of overseas development assistance are taking place at the intersection between the public and the private spheres. Driven by a range of factors – the proliferation of global programmes, such as public-private partnerships, the increasing involvement of the private sector in development (DiBella et al, 2013) and dramatically increased involvement by non-state actors – have moved development assistance from its position as largely the preserve of bilateral and multilateral donors (Desai and Kharas, 2014) creating and complex – and fragmented – aid architecture. These structural and institutional changes have provided a space for the return of philanthropy, and foundations, to again become active players in the aid architecture.

#### ***2.1. Scale of philanthropic flows***

Following a period from the 1970s when the Rockefeller and Ford Foundations were the only major players – responsible for over 50 per cent of all international grants from the US from 1975 to 1995 (Herd 2012: 185) – a small, but statistically significant, reorientation of American philanthropy toward development was discernible from the 1990s onwards. Foundations from the technology sector, for example the William and Flora Hewlett Foundation and the David and Lucile Packard Foundation, began scaling-up international grantmaking in areas such as global development and population and reproductive health. This trend gathered pace throughout the 2000s with the emergence of other entities from technology sector such as the Skoll Foundation, the Omidyar Network and the BMGF.

This has been reflected in the data from the US. According to the principal body for research on institutional giving in the US, the Foundation Centre (2012: 1), in 2010, the last year for which figures are available, US foundations distributed US\$4.3b to international grants, comprising 21 per cent of all giving (or 14.1 per cent if the Gates Foundation is excluded from the dataset). In relative terms

international grants are larger than domestic grants but must be counter-balanced with data which indicates that less than 10 per cent of US foundation grants, by volume of individual grants, going to international causes (Foundation Centre 2012: 1). One reason is that the majority of US international grants pass through official intermediaries, such as the World Bank and the WHO, large international NGOs headquartered in Europe and North America as well as multi-sectoral global funds such as the GAVI Alliance.

Generally speaking, data collection on private giving to international development causes still remains poor. Only a limited number of countries amass reliable data, such as the US, and only through non-profit initiatives that rely on publicly mandated tax data. Furthermore, incommensurate national accounting and taxation systems which use different definitions of philanthropy which confounds effective comparison of financial flows (Johnson, 2010: 5). Important political-cultural differences have also been noted: “Americans give 60% of their charitable donations to religious organisations and only 2% to international aid, whereas the British give 14% of their donations to international aid and only 8% to religious organizations ... (and) surveys show that Europeans are more likely to believe their moral duties are better fulfilled through paying taxes to the government than through the ‘arbitrary’ channels of private donations” (Illingworth, Pogge and Wenar, 2011: 3-4).

Last decade, the World Bank attempted to quantify the scale of international giving when the idea of “philanthrocapitalism” (Bishop and Green, 2008) and social investment became fashionable. The results were sobering: in 2005, roughly US\$4.5 billion was devoted to international development (Sulla, 2007). This must be compared to the US\$100 billion or so that the OECD Development Assistance Committee (DAC) estimated to be the total of official development assistance by its mainly rich country members (Riddell, 2007). Once the modest contributions of private philanthropy became evident – with barely one per cent of all the world’s foundations conduct activities that touch on developing countries – the World Bank focused analysis on more promising avenues of development finance such as the increasing levels of remittances to developing countries.

For a number of years, the Hudson Institute – through its Centre for Global Prosperity – produced an annual *Index of Global Philanthropy and Remittances*, which detailed the sources and magnitude of private giving to the developing world. The Centre for Global Prosperity has faced similar challenges in its efforts to capture private philanthropic flows from developed states, which it asserts are significantly underreported by DAC members in their submissions to the OECD (Centre for Global Prosperity 2013: 11-12). In partnership with 14 developed countries it has worked to redress this discrepancy to provide a more accurate picture of philanthropic flows. As a snapshot, in 2013 it found that in the 2008-2011 period the United States dispersed US\$39b in private donations to developing countries (against \$23.28b as reported to the OECD DAC); the United Kingdom US\$4.2b (against \$0.63b) and the Netherlands US\$0.82 (against US\$0.23) – with the largest discrepancy evident in Japan which in its estimates had donated US\$5.51b against a reported US\$0.50b. Total private giving over the period, both “incomplete” and “more complete” numbers was US\$58.87b.

Today, OECD-DAC is tracking what it refers to as “statistics beyond ODA”; that is, “external financing for development” (OECD DAC, 2014). Total non-ODA flows have grown substantially as a proportion of total flows and in 2012 accounted for more than 80 per cent of all “external resources received by developing countries” from the private sector (a trend reversed to 20 per cent when isolated among

low income countries which received over 80 per cent as ODA) (OECD DAC, 2014). 'Non-ODA', however, is a broad category that includes Foreign Direct Investment, private export credits and loans as well as philanthropic and other private grants. OECD analysts estimate that concessional philanthropic and other private grants remain small, approximately one per cent of total flows (OECD DAC, 2014). For the foreseeable future, detailed and comprehensive data on philanthropic ODA will be incomplete until the OECD DAC fully develops this statistical work-stream in its operations.

### *2.2 Traditional funding approaches: philanthropic foundations and development cooperation*

While data remains patchy, private foundations are nonetheless an important – and arguably unique – type of actor in international development. As an organisational form they come in three dominant types:

- 1) *Independent or family foundations* – principally endowed by individuals or families with the objective of serving public purposes, for example, the MacArthur Foundation;
- 2) *Corporate foundations* – acquire assets for endowment and/or regular distributions from a private sector entity (but can retain institutional or organizational independence), for example, the Citi Foundation (endowed by Citi Group), and,
- 3) *Private operating foundations* – which undertake programmatic and/or service provision for charitable purposes – much like an NGO – but in contrast to NGOs do not solicit or raise funds from the public. The Bertelsmann Stiftung (Foundation) in Germany is an example of this type.

The vast majority of US foundations with substantive activities in international development are independent and family foundations, typified by the Gates Foundation. In some European countries the proportion of operating foundations is higher, for example comprising up to one-third in Germany (Anheier and Toepler, 1999: 13). Nonetheless all types, regardless of jurisdiction, have shared features including: an endowment; a focus on charitable purposes; and are structured as nongovernmental organisations. Historically this has meant that they tend to exhibit some shared behaviours and preferences.

In the case of US foundations, this has manifested in shared approaches to development, with a notable focus on *technical development interventions*, and selection of *development sectors*, specifically public health and agricultural development (Moran, 2011). For grantmaking entities this has involved using their primary defining feature, an endowment that accords them a degree of financial agency, to provide philanthropic risk capital to develop partnerships with webs of state and non-state actors (Moran, 2014). This has played a part in the diffusion of particular development ideas in the international aid architecture.

The Rockefeller Foundation was a major actor in the nascent field of international health. It used its endowment to fund broad ranging activities spanning communicable diseases such as hookworm, vaccine development (yellow fever) and malaria. It also played a role in the dissemination of western approaches to public health by funding schools of public health and medicine both in the United States and abroad. In an effort to institutionalise this particular approach to development it financed national programs with domestic health bureaucracies throughout the world. National-level strategies were buttressed at the international level by the provision of funding and in-kind support for the development of the LNHO.

In the late 1990s, Rockefeller funded and brokered product development partnerships (PDPs), for example the International AIDS Vaccine Initiative (IAVI), that brought together actors from the pharmaceutical industry, the public sector and international organisations to leverage the skills, capacity and resources for R&D for health technologies focused on developing country needs. These institutional mechanisms, by virtue of their cross-sectoral structure and focus on market-based solutions, introduced a market-logic into global health governance (Moran, 2014). More recently, the BMGF (see below) has played a similar role, focusing resources on developing large-scale global funds that emerged as major institutional players that complemented – and challenged – the established health architecture. While able to move beyond the constraints imposed on grant making foundations, which in essence must act as institutional intermediaries that distribute capital to partner entities to obtain organisational goals, operating foundations have similarly focussed on partnerships as a means of exerting policy influence.

As a consequence the principle of partnership has become a defining feature of many traditional foundations involved in international development, with foundations playing a key part in the drive toward collaborative modes of governance in international development policy. This has brought foundations to the attention and agenda of key development policymakers, most clearly exemplified by the establishment in 2012 of NetFWD – the Global Network for Foundations Working for Development. Hosted by the OECD, it is “composed of self-selected foundations committed to optimising the impact of philanthropy for development through the sharing of experiences, lesson learning, policy influencing and the development of innovative partnerships” (NetFWD, 2014).

### *2.3 Beyond grant making: New approaches and philanthropic mechanisms*

The term “philanthrocapitalism” is not only used to signify the greater market orientation of the ‘new philanthropy’ and its shift away from ‘charity’ but is often short-hand for the increasing diversity of tools and mechanisms deployed by philanthropists in international development. Also known as ‘venture philanthropy’, the main features include using new financing tools (such as social impact bonds, equity, debt, loans), non-financial support (including access to networks, coaching and mentoring), multi-year support and built-in performance measurement requirements (Global Network of Foundations Working for Development, 2013).

Whereas more established foundations have tended to focus on large-scale global programs, often in partnership with official actors and institutions, some new foundations, for example the Skoll Foundation and the Omidyar Network, target activity at areas ostensibly designed to break with – and disrupt – established practice in international development. Through their financing instruments, these actors channel resources toward social enterprise, social business and other social innovations to inject a business-like logic and discipline into international development. This emerging trend can be attributed to the technology booms of the late 1990s and its second wave from the mid-2000s that created significant wealth for many, relatively young, entrepreneurs, some of whom have dedicated a portion of this to philanthropic activity. International development has featured disproportionately prominently relative to historical philanthropic activity which has (and remains) largely domestically oriented.

For example, the Omidyar Network, which was established by eBay founder Pierre Omidyar in 2004, is structured as both a non-profit organisation (a 501c(3) under the US Internal Revenue Code) that makes grants much like a traditional foundation and a for profit venture (a Limited Liability Company

(LLC)) that invests in entities with a broad social mission. This structure enables Omidyar to partner with a broad sweep of organisational types and straddle sectors and industries. For instance, its initiative areas Consumer Internet, Financial Inclusion, Education, Government Transparency and Property Rights broadly accord with a traditional foundation. Its “investees” include diverse organisations from traditional recipients like Teach for India, modelled on the US variant; investment firms, such as LeapFrog Investments, that invest in high-growth companies serving emerging market companies that struggle accessing capital, and start-ups, such as Change.org, that act as for-profit advocacy platforms.

For over forty years, foundations such as the Ford Foundation have deployed program-related investments –aligning investment strategy with philanthropic mission to accord debt and equity to non-profit organisations. There is evidence that social finance is transitioning from the margins to the mainstream, with foundations increasingly looking to impact investing and social finance to augment grant-making activities. These changes have implications for international development policy. First, social finance brings new actors into development policy debates, such as investment banks and wealth managers, looking at moving beyond their traditional role in capital markets. Second, it acts as a continuation and extension of a long-running market turn in the political economy of development, toward a *financialisation* of the social dimensions of development. This logic was evident when USAID and DFID in the UK launched in 2013 a global investment platform with Omidyar Network as a founding member. The Global Development Innovation Ventures (GDIV) mission is to focus resources in international development towards innovative approaches and unlock investment capital from both private and public sectors, to scale solutions commercially or through public sector adoption. Other countries subsequently aligned with the approach as the ‘new aid paradigm’.

### **3. *Contemporary philanthropic powers in international development?***

While the field of philanthropy is diverse and constantly changing, the imagination of the public has been captured by a few big players in large part due to the extent of media attention they – or their founders – attract. Moreover, the fascination with celebrity philanthropists, which has manifested in accounts of “celebrity diplomacy” (Cooper, 2008), can lead to overinflated accounts of their importance in, resourcing to, and influence over policymaking in international development. We focus on only two foundations in this section: The Bill & Melinda Gates Foundation and the Open Society Foundations network. They have a number of characteristics in common as well as some important differences. Both foundations are relatively new organisations and from their nascence both operated internationally. In both cases, there is a living founder(s) and both have experimented with innovative organisational formats and tools.

While both entities are involved in providing funding to education, research and science, the BMGF is closely associated with global health issues. OSF has been aligned with civil liberties causes. A more important difference is that the OSF has been overtly normative, some would say ideological, on human rights issues whereas the BMGF has sought (if not successfully) a more normatively neutral and technocratic disposition. OSF is unique in two respects: first it was established as a network of separate and relatively autonomous national foundations loosely linked by European and American coordinating offices; and second, it is one of few operating (as opposed to grant-making)

foundations of significant scale in international development. Yet it is the BMGF that has world-wide significance due to its size and reach.

### *3.1. The Bill & Melinda Gates Foundations*

The Bill & Melinda Gates Foundation is the world's largest, and arguably most high-profile, foundation operating across the field of international development. It was established in 2000 to manage the rapidly growing philanthropic activity of Microsoft founder William (Bill) Gates Jr and his wife Melinda and was a merger of the family's two foundations, the William H Gates Foundation (named for Bill's father and philanthropic confidant) and the Gates Learning Foundation. Its early focus was on consolidating the family's interests in education, particularly through ensuring internet connectivity to US public libraries, and its expanding and quickly highly influential interest in global public health, particularly through vaccines, which followed the Gates' US\$750 million donation to kick-start the GAVI Alliance (then known as the Global Alliance for Vaccines and Immunisations) shortly before the establishment of the Foundation.

The Foundation's interest in public health, which occurred at a time of major expansion in development assistance for health (Ravishanker et al, 2009), in part precipitated by the Foundation which assisted in 'crowding in' funding, saw the BMGF rapidly become an active policy player in global health policy (*The Lancet*, 2009). In 2006 it was announced that the world's most successful investor, Warren Buffett, would be pledging some US\$30 billion to the BMGF in yearly tranches that have averaged between US\$1.5 and US\$2 billion. With such rapid growth, the Foundation saw a restructuring around three broad programmatic areas – Global Health, Global Development and US Programs – with a recent addition of Global Policy and Advocacy. As of September 2014 its assets in trust sat at US\$42.3 billion, with US\$3.6 billion granted in 2013 and a total of US\$31.6 billion.

BMGF retains several regional offices and has over 1000 staff. It has become a veritable global institution and despite retaining the flexibility that is said to be characteristic of foundations as an organisational type – particularly those with dynamic, active and highly engaged living donors that are the sole members of its relatively small governing board – it increasingly resembles large official development agencies: a large globally dispersed staff, huge campus headquarters, complex bureaucracy and organizational culture, and governance and organisational structure. Indeed it was in effect recognised by its official and quasi-official peers when it was selected for inclusion in the policy grouping, the Health 8, which brought together the major players in development assistance for health – from the World Bank through to WHO to Global Fund to Fight AIDS, Tuberculosis and Malaria to coordinate activities around the Millennium Development Goals.

Although the sheer breadth of its activities in international development is beyond the scope of this chapter, some aspects are worth mentioning. First, the foundation is widely accepted to be the most important singular private actor in global health since the late twentieth century (McCoy et al 2009). While it is also widely agreed that the Foundation's activities are characterised by a focus on technical interventions (Moran, 2011; Sridhar, 2010), which have in part been diffused by the Foundation in the health architecture, the BMGF's activities also illustrate that grant-making foundations are fundamentally constrained by their structure: they must partner with other agencies in order to attain goals (Moran, 2014). Second, it is increasingly achieving a similar



centrality in the area of agricultural development an area prioritised through its Global Development Program. Yet while this has also been identified as focussed on technical interventions (Moran, 2014), and roundly criticised by some (Holt-Gimenez 2008), it is also a diverse institution engaged in innovative work that plays on foundations' comparative advantages: an ability to take risks and finance innovation (Moran and Stevenson, 2013). Finally, these webs of influence are not unparalleled, but rather reflect the historic influence exerted by foundations at earlier epochs notably the Rockefeller Foundation, which performed a similar function in structuring the health and agricultural architecture in the early to mid-twentieth century (Youde, 2013).

### *3.2. The Open Society Foundations network*

The Open Society Foundations, which began 1979, seek to build vibrant and tolerant societies whose governments are accountable and open to public participation. Financed by the billionaire George Soros, a hedge fund entrepreneur, OSF promotes the values and principles of a free and open society around the world. As a donor, Soros initially provided scholarships for black students in South Africa and for Eastern European dissidents to study abroad and later through OSF he jump-started International Crisis Group helping turn it into a world-wide organisation, and in a splash of publicity gave \$100 million to Human Rights Watch in 2010. In the past 30 years, OSF has had expenditures of more than \$10 billion.

The national foundations of OSF, operating their own programs, were established from the mid 1980s. From the outset, it has been an unusual organisation: it is several different and autonomous organisations – an international network that sprawls across more than 40 offices and independent foundations worldwide. By contrast, most large private foundations have few overseas offices. OSF grew with a flat structure where the national bodies and the cross national initiatives are free standing and often operated independently with their own sub-boards. Most support in the early days centred around the dissident movements in Eastern and Central Europe's Communist countries to help promote tolerance, democratic governance, human rights, and the rule of law where one-party dictatorships exercised a monopoly on power. The fall of the Berlin Wall prompted a scaling up of support to grass-roots groups, civil society organisations and new political groupings in the transitioning economies and societies of the former Soviet Union. Later, the European Union (EU) accession process for candidate countries brought a new wave of funding support to universities, advocacy groups and government watchdog groups in the region. But the EU accession process was also an important factor prompting a global re-orientation in foundation activities. From 2005, there was a mushrooming of OSF international initiatives to support *inter alia* the democracy movement in Burma; humanitarian aid in response to the global economic crisis and natural disasters; global advocacy for the passage and implementation of freedom of information laws as well as extensive promotion for revenue and budget transparency in resource-rich countries including the establishment of the Revenue Watch Institute in 2006.

The professional maturing of both the foundation and many of its officers brought a gradual policy turn away from grass-roots activism more. While still seeking to improve the civil rights of individuals and the well-being of communities like the Roma, for the past decade there has also been a desire for policy impact. This has propelled a growing professionalization among OSF staff and grantees but also signalled some shifts in funding priorities towards expert based policy advocacy and sometimes partnering with governments and international organisations as was the case with the Decade on

Roma Inclusion. For an organisation that was once 'low on bureaucracy', its growing size, geographical spread and mounting financial disbursements brought new pressures for improved reporting, accountability measures and institutionalisation of procedures (Stone, 2013). And it needed to do so in order to effectively partners with a range of governments as well as the EU, UNDP and the World Bank on different initiatives.

### 3.3. Academic Inattention

Notable in development studies is the truncated character of social and political inquiry in both empirical and comparative terms, as well as under-theorisation of the agenda-setting capacities of philanthropic actors within development policy and their more subtle structural influences in international affairs generally. Notwithstanding some recent analysis (*inter alia*, McGoey, 2014), the attention given by social scientists focused on development questions is sketchy.

Often, analysis of philanthropy has been addressed at the nation-state level, particularly American society and politics. On the one hand are analyses based on an assumption of the foundations' *benign* character (Karl and Katz, 1987; Anheier and Daly, 2005 among others). Some suggest foundations were or are above party politics, the state and big business, representing a "third sector" (Prewitt, 1999; Colwell, 1980). On the other hand, there are others who argue, from a neo-Gramscian perspective (Parmar, 2002; Roelofs 2003) or critical sensibility (Berman 1983, Arnove 1980) that the foundations are key elements of an historic bloc of international banks and corporations, organised labour elites, and a powerful state pursuing global economic, financial and commercial interests. This binary debate has been scaled upwards to the international level and is recognised in some quarters as being counter-productive: "Indeed, philanthropic 'exceptionalism', the belief that what private donors do is necessarily good and that what official donors do is necessarily inefficient and bureaucratic, is all too prevalent. The fight against poverty will not be won with such evidence-free assertion and simplistic dichotomies" (Green, 2014).

Recent approaches addressing international development have addressed the "uncritical ideological acceptance of a logic of neutrality, and the efficiency and effectiveness of partnerships and philanthropy" (Srivistava and Oh, 2010: 460). Others have been critical of the methodological individualism of focus on the agency of individual donors (for example see *The Economist* on 'RobberBarons and Silicon Sultans', 2014) rather than organisational powers and capacities (Stone, 2013) or the manner in which private foundation funding shapes the character of global civil society (Vogel, 2006). But the proponents of international philanthropy point beyond the financial disbursements to numerous other benefits as we develop below.

Even so, the power and influence of foundations is on the one hand overlooked, and on the other hand, their political impact exaggerated. For instance, the OSF is regarded as an influential organization at the vanguard of the so-called 'colour revolutions' of Georgia and the Ukraine. An indicator of its success in 'advocating' rule of law and freedom of speech may lie in the political opposition it has attracted such as in being expelled at different points of time from Uzbekistan and Belarus. However, rather than looking for time-bound instances of immediate political impact (or irritation), a longer term perspective on their relationships with other development actors provides more insight into their structural position (Guilhot, 2007). It is already evident that the massive resources of the BMGF, and its funding priorities in health, are having a long term impact shaping – or structuring – the agenda for health research in forthcoming decades.

#### ***4. Conclusion: Implications, challenges and trajectories of new philanthropic power***

The rise of philanthropy is reflective of a profound shift in the relationship among the state, marketplace, and civil society over the last quarter century, as well as increasing levels of the concentration of private wealth, with some implications for international development policy processes. Consequences such as, first, reconfigurations in modalities of ODA; second, emergent policy challenges such as aid fragmentation and questions of legitimacy; and third, the growing numbers of 'high net worth individuals' world-wide alongside the development of new tools of philanthropic finance that may have policy implications.

##### *4.1. Networks and coalitions*

Grant-making foundations, almost by definition, must foster and catalyse partnerships such as PPPs. Partnership entails transaction costs. Nonetheless, partnering can prove effective 'on the ground' in terms of service delivery and mitigate against some tendency towards duplication. Additionally, networking can be beneficial in the manner in which it becomes a generator of pluralism of participation and securing aspects of civil society and/or stakeholder engagement.

Foundations can be quite effective in advocacy around development issues to wider publics and audiences. Indeed the Gates Foundation, criticised early on for avoiding advocacy (and at the same time perversely chastised for wielding too much policy influence) has become an important player in aid diplomacy, lobbying states and international organisations to expand or maintain ODA in the face of austerity. It does so publicly through campaigns, for instance it recently funded a high-profile social media campaign in Australia to pressure the Federal Government to reverse dramatic cuts to its ODA. It also does so through diplomatic channels with the BMGF, as noted accorded state-like status in many international policy domains, while its eponymous co-chairs Bill and Melinda Gates regularly front high-level international fora on a broad range of development issues. Ergo Soros, and the OSF network, although changing, has built its model around fostering policy coalitions, networks and policy entrepreneurship, while Soros is a substantive policy actor in his own right.

These twin functions – establishing institutional mechanisms for aid delivery and influencing the broader aid policy environment through coalition building – are not unique to foundations. Nonetheless in relative terms foundations are highly flexible actors. They are not subject to accountability constraints when compared to states and other official development actors or even relatively like actors such as development NGOs which have to respond to varying stakeholder demands from private donors to official actors. Their relative material agency, associated with an endowment, as noted above also heightens their relative agency in the aid architecture. Both the BMGF and OSF can be seen as exemplars of these characteristics of foundations.

##### *4.2 Legitimacy and accountability*

Foundations naturally bring additional resources to development and can, at least in part, assist in addressing shortfalls in development finance by official actors. Yet the range of interventions into development – at the level of agenda-setting, financing and development practice – raise legitimacy and accountability concerns. Foundations and donors lack the accountability derived from popular sovereignty accorded to most states and indirectly international organisations as well as indirect legitimacy that NGOs derive from linkage to social movements and members. While financial

allocations of institutional philanthropy to ODA are in relative terms low, nevertheless this small and elite sector of interests has been able to ‘leverage’ their position in a number of ways and philanthropy arguably has outsized influence on aid policy relative to contribution.

For instance, prominent philanthropic leaders have influenced others to become more philanthropically involved such as through the Giving Pledge in which members – selected – commit to donating over 50 per cent of wealth to philanthropic causes. Other initiatives, such as the Global Philanthropists Circle, founded in 2001, support families and individual philanthropists from more than 25 countries. Some of its member services include Learning Visits to developing countries, regional and issue working groups, and philanthropy workshops. Importantly it also provides elite level access to foundations and funders, business and multilateral organizations; and helps secure individual meetings with key leaders in civil society, government and the private sector for its members. Such initiatives are expressions of profound humanitarian intent and are designed to counter the regressive effects of excessive wealth transmission on intergenerational familial behaviours. At the same time they can play an, albeit contested, part in addressing growing inequality. However unlike other actors in civil society, these individuals and their families are in a privileged position to inform aspects of development policy by virtue of their wealth. This can be witnessed in the privileged reception that philanthropic leaders, particularly donors, receive in international fora from Davos to New York.

The growth of other private bodies providing support services and analysis – such as the Worldwide Initiatives for Grantmaker Support (WINGS) – also undertake advocacy in support of philanthropic contributions to policy development, while NetFWD (2014) takes “full advantage of being part and hosted by an international organisation such as the OECD, which allows it to convey and disseminate foundations' key messages to policy makers and provides the network with access to the vast internal knowledge base of the OECD”. The influence of philanthropy, in its institutional manifestations, while a necessary facet of aid coordination, therefore also finds expression in institutional networks that can be seen to solidify a privileged position in policy debates relative to “input” legitimacy – that is, legitimacy that is associated with public action (Rushton and Williams, 2011: 19). While it has been pointed out that foundations exert “output legitimacy” by virtue of the efficacy of interventions – and many public and in particular other private actors lack commensurate legitimacy (Rushton and Williams, 2011: 19) – there is a perception that there has been a re-emergence of disproportionate foundation influence.

### *4.3 Fragmentation and coordination*

The ‘old’ philanthropic institutions like the Ford Foundation as well as the new bodies like OSF and BMGF have an enviable reputation in promoting knowledge advancement and building quality educational capacity. They can also inject a new dynamic into governance by illuminating state and market failures and offering solutions to collective action problems (Moran and Stevenson, 2013). Yet while foundations do bring fresh ideas to development debates, and have played a critical role at key points in the history of modern development policy both fostering and disseminating influential new policy approaches that have changed the course of development policy, there are, often unintended, perverse implications for aid effectiveness by creating strain on the crowded and fragmented aid architecture.

For example, many of the new foundation financed development interventions are so-called vertical in orientation and do not always focus sufficiently on strengthening domestic capacity, for example, by establishing horizontal approaches that focus on primary care in health. Many foundation interventions are also disease-specific and focussed on communicable diseases at the expense of non-communicable diseases which are the fastest growing burden in developing states (Moran and Stevenson, 2014: 520). While the new resources and new mechanisms associated with PPPs, like the GAVI Alliance, has been “one of the triumphs of global health efforts” (Buse and Tanaka, 2011: 8) the effect has sometimes been to add complexity to aid policy at the international level and undermine effectiveness at delivery level as global programmes compete with existing actors.

While the GAVI Alliance has come to symbolise public-private partnerships other types of partnership with substantial philanthropic involvement have also generated the need for new financial instruments and modalities of governance. Established in 1998, the United Nations Fund for International Partnerships (UNFIP) serves as the interface in the partnership between the UN system and the UN Foundation which is the public charity responsible for administering Ted Turner's \$1 billion contribution in support of UN causes. The total number of UNFIPs global programs stands at 544, implemented by 43 UN entities in 124 countries (UNFIP, 2014).

Likewise, at the World Bank the growth of multi-donor partnerships – in which many foundations are involved – propelled the creation of the Development Grant Facility within the Bank to host, co-fund and manage, provide governance advice and some secretariat support. The Bank provides financial management services to multilateral initiatives including the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), the Global Environment Facility (GEF), the International Finance Facility for Immunization (IFFIm) and the HIPC Debt Initiative (DFI, 2014).

These examples of international organisation partnership programmes show that philanthropic partnering is incrementally structuring elements of the architecture of international development. Yet there are other trends signalling how philanthropic foundations can leverage their position in international development policy to a greater extent than the value of their resource commitments suggest. Paralleling the growth of institutional and individual philanthropy at both national and international levels has been the emergence of a cottage industry of associations and professional consultancy firms at international and regional levels. For decades, the US Foundations Centre was the epicentre of data collection, analysis and training on matters concerning philanthropy. Only in 1989 was the European Foundation Centre established and which has now grown from an initial group of 7 founding members to 231. Since 2008, with the establishment of its Global Agenda Council on Philanthropy and Social Investing, the World Economic Forum has entered this policy domain, and partners with Synergos, a US based development NGO. At the annual meeting in Davos, the Philanthropic Roundtable is organized each year as a private event by the Victor Pinchuk Foundation. These inter-related trends call for a more systematic scholarly treatment of these phenomena than has been the case to-date.

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